

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Telecommunications Division
Public Programs Branch**

**RESOLUTION T- 16917
February 24, 2005**

R E S O L U T I O N

RESOLUTION T-16917. APPROVAL OF THE UNIVERSAL LIFELINE
TELEPHONE SERVICE SURCHARGE RATE OF 1.55% EFFECTIVE
APRIL 1, 2005.

Summary

This resolution adopts a revised Universal Lifeline Telephone Service (ULTS) surcharge rate of 1.55% to take effect on April 1, 2005. This revised surcharge rate shall remain in effect until further revised by the Commission. All certificated telecommunications carriers shall assess a ULTS rate of 1.55% on their end-user's billings for intrastate telecommunications services rendered on April 1, 2005, and thereafter.

Background

ULTS was implemented by the California Public Utilities Commission (CPUC or Commission) in 1984 pursuant to Public Utilities (PU) Code § 871 to provide discounted basic telephone services to qualifying low-income households. ULTS discounted services are provided by local exchange service providers, which, in turn, receive reimbursement from the ULTS fund net of payments from the federal Lifeline and Link-Up programs.

The ULTS program is funded through the ULTS surcharge billed and collected by all telecommunications carriers, which in turn remit the surcharge monies to the financial institution designated by the Commission. Historical ULTS surcharge rates since the inception of the program are available online at <http://www.cpuc.ca.gov>.

Discussion

This Resolution resets the ULTS surcharge from the current rate of 1.10% to 1.55% for the funding of the ULTS program through fiscal year (FY) 2005-06. This 1.55% ULTS surcharge rate shall remain in effect until further revised by the Commission.

All certificated telecommunications carriers shall assess a revised ULTS rate of 1.55% on their end-user's billings for intrastate telecommunications services rendered on April 1, 2005, and thereafter.

The development of the ULTS revised surcharge rate was developed by the Telecommunications Division (TD) and is shown in Appendix A. TD's recommendation of a 1.55% ULTS surcharge rate effective April 1, 2005 for the funding of the ULTS program through fiscal year 2005-06 is reasonable and is therefore adopted.

Notice of Availability and Public Comments

To be consistent with the Commission's commitment to utilize the Internet for distributing Commission orders and information, TD has sent notification, by e-mail to all regulated telecommunications carriers, the parties of record in R.04-12-001, and committee members of the ULTS Administrative Committee informing them that:

- This Draft Resolution proposes to revise the ULTS surcharge rate from the current rate of 1.10% to 1.55% effective April 1, 2005.
- This Draft Resolution is available for public comments, and opening comments are due on February 9, 2005 and reply comments are due on February 14, 2005.
- This Draft Resolution and the conformed resolution when adopted by the Commission are available on the Commission's web-site, www.cpuc.ca.gov.

TD has also sent, by regular service mail, the same notification to regulated telecommunications carriers, parties of record in R.04-12-001, and committee members whose e-mail addresses are not on file with the Commission.

On February 7, 2005, the Greenling Institute (Greenling) filed comments on the Draft Resolution supporting the revision of ULTS surcharge rate from 1.10 to 1.55% to take effect on April 1, 2005. Greenling also recommended that the Commission issue a new proceeding designed to examine the utility of the ULTS system to include other technologies such as wireless and Voice Over Internet Platform for low-income, underserved communities. This recommendation is hereby dismissed since the recommendation is beyond the scope of the Draft Resolution.

Advice Letter Filing

In accordance with Resolution T-16901 dated December 2, 2004, SBC shall file an Advice Letter on or before March 15, 2005, modifying the ULTS surcharge rate from 1.10% to 1.55% to take effect on April 1, 2005, until further revised by the Commission.

To maximize administrative efficiency, SBC is allowed to file simultaneously on or before March 15, 2005 the revised tariff schedules in compliance with resolutions revising various public program surcharges effective on April 1, 2005 in accordance with the provisions of G.O. 96, as modified by first, second, and third interim orders.

Findings

1. The Universal Lifeline Telephone Service (ULTS) program was implemented by the California Public Utilities Commission (CPUC or Commission) in 1984 pursuant to Public Utilities (PU) Code § 871 to provide discounted basic telephone services to qualifying low-income households.
2. ULTS is funded through the ULTS surcharge billed and collected by all telecommunications carriers, which in turn remit the surcharge monies to the financial institution designated by the Commission.
3. The Telecommunications Division (TD) has sent a notification to all regulated telecommunications carriers, the parties of record in R.04-12-001, and committee members of the ULTS Administrative Committee informing them of the proposed rate change, the dues dates for filing opening comments and reply comments, the availability of the Draft Resolution and the conformed resolution when adopted by the Commission on the Commission's web-site, www.cpuc.ca.gov.
4. The development of the ULTS revised surcharge rate was developed by TD and is shown in Appendix A.
5. TD's recommendation of a 1.55% ULTS surcharge rate for the funding of the ULTS program through fiscal year 2005-06 is reasonable and should be adopted.
6. The revised ULTS surcharge rate of 1.55% should take effect on April 1, 2005, until further revised by the Commission.
7. All certificated telecommunications carriers should assess the revised ULTS rate of 1.55% on their end-user's billings for intrastate telecommunications services rendered on April 1, 2005, and thereafter.
8. In accordance with Resolution T-16901 dated December 2, 2004, SBC should file an Advice Letter on or before March 15, 2005, modifying the ULTS surcharge rate from 1.10% to 1.55% to take effect on April 1, 2005.
9. To maximize administrative efficiency, SBC is allowed to file simultaneously on or before March 15, 2005 the revised tariff schedules in compliance with resolutions

revising various public program surcharges effective on April 1, 2005 in accordance with the provisions of G.O. 96, as modified by first, second, and third interim orders.

10. On February 7, 2005, the Greenling Institute (Greenling) filed comments on the Draft Resolution supporting the revision of ULTS surcharge rate from 1.10 to 1.55% to take effect on April 1, 2005. Greenling also recommended that the Commission issue a new proceeding designed to examine the utility of the ULTS system to include other technologies such as wireless and Voice Over Internet Platform for low-income, underserved communities. This recommendation should be dismissed since the recommendation is beyond the scope of the Draft Resolution.

THEREFORE, IT IS ORDERED that:

1. The Universal Lifeline Telephone Service (ULTS) surcharge rate of 1.55% effective April 1, 2005, is adopted. This 1.55% ULTS surcharge rate shall remain in effect until further revised by the Commission.
2. In compliance with Resolution T-16901, dated December 2, 2004, SBC shall file an Advice Letter on or before March 15, 2005, modifying the ULTS surcharge rate from 1.10% to 1.55% effective on April 1, 2005.
3. All certificated telecommunications carriers shall assess a ULTS rate of 1.55% on their end-user's billings for intrastate telecommunications services rendered on April 1, 2005, and thereafter.
4. To maximize administrative efficiency, SBC is allowed to file simultaneously on or before March 15, 2005 the revised tariff schedules in compliance with resolutions revising various public program surcharges effective on April 1, 2005 in accordance with the provisions of G.O. 96, as modified by first, second, and third interim orders.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on February 24, 2005. The following Commissioners approved it:

/s/ STEVE LARSON

STEVE LARSON
Executive Director

MICHAEL R. PEEVEY
President
GEOFFREY F. BROWN
SUSAN P. KENNEDY
DIAN M. GRUENEICH
Commissioners

APPENDIX A

UNIVERSAL LIFELINE TELEPHONE SERVICE TRUST ADMINISTRATIVE COMMITTEE FUND		
	Funding Development for FY 2004-05 and FY 2005-06 and Projected Fund Balance as of Jun 30, 2006	Per FY Ending Jun 30, 2004 Financial Reports submitted to the State Controller's Office
1 Projected Intrastate Revenues Subject to Surcharge: FY 2004-05 (Per Resolution T-16898 adopted by the 2 Commission on 12/16/04) FY 2005-06 (Per Resolution T-16898 adopted by the 3 Commission on 12/16/04)	\$18,441,522,000 \$18,828,692,000	
4 Surcharge Rate from Jul 1, 2004 thru Mar 31, 2005 5 Surcharge Rate effective April 1, 2005	1.10% 1.55%	
6 Beginning Fund Balance	\$15,138,048	\$98,669,219
7 Revenues:		
8 Surcharge (based on Ln 2 thru Ln 5)	\$515,448,180	\$155,029,094
9 Investment Income	\$150,000	\$1,441,438
10 Total Revenues (Ln 8 + Ln 9)	\$515,598,180	\$156,470,532
11 Expenditures:		
12 FY 2001-02		\$524,984
13 FY 2002-03		(\$5,075,695)
14 FY 2003-04		\$244,552,414
15 FY 2004-05 (Per State Budget Act)	\$251,619,000	
16 FY 2005-06 (Per Governor's Proposed Budget)	\$271,394,000	
17 Total Expenditures (sum of Ln 12 thru Ln 16)	\$523,013,000	\$240,001,703
18 Ending Fund Balance (Ln 6 + Ln 10 – Ln 17)	\$7,723,228	\$15,138,048